

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 AGRE-00 EB-08 COME-00 TRSE-00

CIAE-00 INR-10 NSAE-00 SSO-00 INRE-00 /088 W

-----014202 061111Z /11

O 061031Z APR 78

FM AMEMBASSY DACCA

TO SECSTATE WASHDC IMMEDIATE 8772

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PASS AID/ASIA/BIS

E.O. 11652: N/A

TAGS: EAID, BG, EAGR

SUBJ: BDG FOODGRAIN IMPORT REQUIREMENTS FOR 1978/79

REF: (A) DACCA 1758 (B) TONER/AARNES TELCON 4/4/78

1. AS REQUESTED REF B, THE PURPOSE OF THIS MESSAGE IS TO COMMENT ON PROJECTED BDG FOODGRAIN IMPORT REQUIREMENTS FROM JULY 1, 1978 THROUGH JUNE 30, 1979 AND TO SPECULATE ABOUT HOW THIS MIGHT IMPACT ON FY 79 FL 480 REQUIREMENTS.

2. IN REF A THE MISSION PROVIDED ITS BEST ESTIMATE OF THE 1978/79 FOODGRAIN POSITION. ON APRIL 5, WORLD BANK RESIDENT REPRESENTATIVE PROVIDED USAID COPY OF BDG FOECAS FOR SAME PERIOD WHICH WAS PREPARED AT BANK VICE PRESIDENT HOPPER'S REQUEST. THE MISSION WILL COMMENT IN DETAIL ON THE BDG'S PAPER BY SEPTTEL IN THE NEAR FUTURE. FOR PURPOSES OF THIS MESSAGE, THE MISSION'S AND BDG'S FORECAST ARE SUMMARIZED BELOW (IN THOUSANDS OF TONS):

MISSION BDG

A. OPENING BALANCE 7/1/78	789	750
B. DOMESTIC PROCUREMENT	600	600

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C. IMPORTS	1063	1550
D. SUB TOTAL	2453	2900
E. OFFTAKES (MINUS)	1790	2000
F. CLOSING STOCK 6/30/79	662	900
G. INVENTORY ADJUSTMENT FOR LOSS (MINUS)	81	100
H. CLOSING BALANCE 6/30/79	581	800

3. THE DIFFERENCES IN THE TWO FORECASTS ARE ALMOST ENTIRELY RELATED TO IMPORTS AND OFFTAKES. THE MISSION'S FORECAST (REF A) FOR IMPORTS WAS BASED UPON TENTATIVE EXPRESSIONS OF DONOR INTENT AND OUR JUDGMENTS CONCERNING USUAL PATTERN OF COMMITMENTS FROM SMALL DONORS. IN ALL PROBABILITY THE MISSION'S ESTIMATE UNDERSTATES THE BDG'S IMPORT PROSPECTS. IN PARTICULAR, IT IS LIKELY THAT THE EEC, WFP, THE FRG AND POSSIBLY CANADA WOULD RESPOND TO A BDG CALL FOR MORE IMPORTS WITH A HIGHER LEVEL OF COMMITMENTS THAN WE INDICATED IN REF A. FYI. WE GUESSED THE FOLLOWING LEVELS: EEC - 150; CANADA - 200; FRG - 50; AND WFP - 150. END FYI. THE BDG'S IMPORT PROJECTION, ON THE OTHER HAND, DOES NOT LIST THEIR ESTIMATES OF DONOR COMMITMENTS FOR 1978/79. FOR REASONS DISCUSSED BELOW, OUR ASSESSMENT IS THAT A REASONABLE ESTIMATE OF IMPORT REQUIREMENTS LIES SOMEWHERE BETWEEN OUR ESTIMATE OF COMMITMENTS CONTAINED REF A AND THE BDG'S ESTIMATE OF NEED INDICATED IN PARA 2 ABOVE, I.E. ABOUT 1.35 MILLION TONS FOR IMPORTS.

4. THE BDG'S OFFTAKE PROJECTION IS STARTLING IN THE CONTEXT OF A VERY GOOD 1977/78 AGRICULTURAL YEAR AND THEIR OWN ESTIMATE ON AN EVEN BETTER AGRICULTURAL YEAR FOR 1978/79. TWO MILLION TONS OFFTAKES IN 1978/79 WOULD COMPARE WITH THE FOLLOWING PREVIOUS TOTALS: FY 1977/78 - 1.9 MILLION (ESTIMATED); FY 1976/77 - 1.47 MILLION; FY 1975/76 - 1.67 MILLION; AND FY 1974/75 - 1.76 MILLION. IF THE BDG WAS ATTEMPTING TO CONFORM TO THE WORK BANK LED CALL TO CONSTRAIN RATION SYSTEM OFFTAKES, AN ESTIMATE IN THE LIMITED OFFICIAL USE

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RANGE OF 1.7 TO 1.9 MILLION TONS WOULD APPEAR TO BE IN ORDER. SINCE WE BELIEVE THE BDG'S OFFTAKES ESTIMATE IS INCONSISTENT WITH THE COUNTRY'S AGRICULTURAL GOALS AND WITH THE SPIRIT OF THE CURRENT

FY 1977 AND FY 1978 PL 480 TITLE I AGREEMENTS, WE JUDGE THEIR IMPORT REQUIREMENT TO BE OVERSTATED BY ABOUT 200,000. A POSSIBLE EXCEPTION WOULD BE A BDG INITIATIVE TO LAUNCH A SIGNIFICANT LEVEL OF OPEN MARKET SALES WITHIN THE TWO MILLION TON OFFTAKE LEVEL (E.G. AT SOME EXPENSE TO THE INFLATED NUMBERS FOR RATION SYSTEM OFFTAKES).
DECON: APRIL 6, 1979.
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978DACCA02105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780148-0836
Format: TEL
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780487/aaaacvpc.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e1995cb5-c288-dd11-92da-001cc4696bcc
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 DACCA 1758
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3058481
Secure: OPEN
Status: NATIVE
Subject: BDG FOODGRAIN IMPORT REQUIREMENTS FOR 1978/79
TAGS: EAID, EAGR, BG
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e1995cb5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014